This is a sufficiently specific writing request, so I'll draft the full piece directly.

# The One Ring and Bitcoin: Why Some Power Should Belong to No One

"*One Ring to rule them all...*"

J.R.R. Tolkien's *The Lord of the Rings* is often read as an epic tale of good versus evil, but at its philosophical core it is a story about power. The One Ring is not merely a weapon. It is the embodiment of concentrated authority—the ability to dominate the wills of others and reshape the world according to a single individual's desires.

The Ring's greatest danger is not that evil beings seek it. Its greatest danger is that good people believe they could use it wisely.

Gandalf refuses it. Galadriel refuses it. Aragorn refuses it. Even those with the noblest intentions understand that absolute power eventually changes the person who wields it. Tolkien's message is subtle but profound: there are certain forms of power that no human being should possess, regardless of character or intention.

Bitcoin applies this same principle to money.

## The Monetary Ring

For thousands of years, societies have entrusted governments, kings, emperors, central banks, and financial institutions with extraordinary control over money.

The authority to create currency, alter interest rates, expand the money supply, rescue favored institutions, or redefine monetary rules is one of the greatest powers any civilization grants. Whether exercised for noble reasons or political expediency, it inevitably places immense discretion into human hands.

History repeatedly demonstrates that this power is difficult to resist.

Empires have debased their coinage. Monarchs have clipped precious metals. Governments have inflated away debts. Modern central banks can create trillions of dollars with a few keystrokes, fundamentally altering the purchasing power of every citizen's savings.

Each intervention may be justified by immediate circumstances. Some undoubtedly prevent deeper crises. But every system built on discretion requires trust—not merely in today's leaders, but in every future leader as well.

That is an extraordinary assumption.

## Tolkien's Lesson

The Ring corrupts because it amplifies human nature.

It whispers that this time will be different.

That this leader is wiser.

That this emergency justifies exceptional measures.

That extraordinary authority can remain temporary.

Yet throughout Tolkien's legendarium, nearly every character who contemplates using the Ring believes they alone possess sufficient wisdom to wield it responsibly. Tolkien rejects that premise entirely.

His solution is radical.

Do not find a better Ring-bearer.

Destroy the Ring.

The lesson is institutional rather than personal. Instead of searching endlessly for incorruptible leaders, eliminate the mechanism that grants corrupting power in the first place.

## Bitcoin's Design Philosophy

Bitcoin appears to embrace a remarkably similar philosophy.

Rather than asking society to trust better central bankers, more disciplined politicians, or more enlightened monetary authorities, Bitcoin removes specific monetary decisions from human discretion altogether.

Its monetary policy is encoded into software.

The issuance schedule is predetermined.

The supply cap is fixed.

No executive committee can vote to create more coins.

No election can rewrite the monetary policy overnight.

No individual, regardless of reputation or influence, can simply decide that extraordinary circumstances justify abandoning the rules.

In this sense, Bitcoin does not seek better rulers of money.

It seeks to make rulers unnecessary.

## From Trust to Rules

Every civilization must answer a fundamental question:

Should important systems depend primarily on trustworthy people or trustworthy rules?

Traditional monetary systems largely answer with people.

Bitcoin answers with rules.

This distinction mirrors a broader principle found in constitutional government. Liberal democracies are designed not because citizens expect perfect leaders, but because they assume leaders are imperfect. Constitutions, separation of powers, and checks and balances exist precisely because concentrated authority invites abuse.

Bitcoin extends that logic into monetary policy.

Its creators assumed that discretionary monetary power is too significant to rest permanently with any institution, regardless of its expertise or intentions.

Instead of trusting character, Bitcoin trusts mathematics, cryptography, consensus, and transparent rules.

## The Beauty of Self-Limitation

There is an overlooked virtue shared by Tolkien's story and Bitcoin's architecture: restraint.

The heroes of Middle-earth demonstrate wisdom not by exercising unlimited power but by refusing it.

Likewise, Bitcoin's defining innovation is arguably not technological but philosophical.

It deliberately limits what anyone can do.

Its creator disappeared.

Its monetary policy became increasingly difficult to change.

Its governance is decentralized precisely so that no individual can become indispensable.

In many human systems, success comes from empowering leaders.

Bitcoin attempts success by disempowering everyone equally.

## Where the Analogy Ends

No analogy is perfect.

The One Ring is inherently evil because domination itself is its purpose.

Money is not evil. Monetary institutions are not inherently corrupt. Central banks perform valuable functions, particularly during financial crises, and many economists argue that discretionary monetary policy provides flexibility necessary to stabilize modern economies.

Bitcoin's critics contend that rigid monetary rules may create different challenges, especially during periods of economic stress. They argue that flexibility is sometimes a feature rather than a flaw.

These debates deserve serious consideration.

The comparison is therefore philosophical rather than literal.

Bitcoin does not claim that money is evil.

It asks whether one particular form of power—the power to alter the monetary rules for everyone—should remain permanently concentrated in human hands.

## A Civilization Built on Fewer Rings

Perhaps the enduring relevance of Tolkien lies not in fantasy but in institutional design.

Every society creates Rings.

Some are military.

Some are political.

Some are technological.

Some are financial.

The central question is never simply who should hold them.

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Bitcoin represents one answer to that question.

Instead of searching for perfect custodians of monetary power, it attempts to distribute trust across a network governed by transparent, predictable rules.

Whether Bitcoin ultimately succeeds remains an open question.

But its aspiration echoes one of Tolkien's deepest insights: wisdom is not always found in acquiring greater power. Sometimes it is found in designing systems where no one needs to possess that power in the first place.

In the end, the most remarkable similarity between the One Ring and Bitcoin is not that they concern power—it is that they provoke the same question.

What if the safest hands are no hands at all?

If you'd like, I can also rewrite this in a more literary, *The Atlantic*-style essay, a more technical Austrian economics style, or an op-ed suitable for publication in a newspaper or magazine.

a more technical Austrian economics style,

Here's a version written in a more technical Austrian economics style, emphasizing institutional economics, monetary theory, spontaneous order, and the knowledge problem rather than literary prose.

# Destroying the Monetary Ring: Bitcoin, Tolkien, and the Austrian Case Against Monetary Discretion

## Introduction

J.R.R. Tolkien's *The Lord of the Rings* is often interpreted as a moral tale about the corrupting influence of power. Yet beneath its mythological narrative lies a profound institutional insight: certain forms of power are so dangerous that the primary objective should not be to find virtuous custodians but to eliminate the concentration of that power altogether.

The One Ring is not merely a powerful artifact; it is a mechanism of centralized control. Its promise is irresistible because it offers the possibility of achieving desirable ends through extraordinary means. Even the wisest characters—Gandalf, Galadriel, and Aragorn—reject

it precisely because they recognize that no individual is capable of wielding absolute power without eventually becoming captive to it.

This principle has striking parallels to the Austrian School's critique of discretionary monetary policy. Bitcoin can be understood not simply as a digital currency but as an institutional attempt to remove one of the most consequential discretionary powers in modern political economy: the ability to create and manage money according to human judgment.

Rather than asking society to trust better monetary authorities, Bitcoin asks whether monetary authority itself should be constrained by immutable rules.

## The Austrian Critique of Monetary Authority

The Austrian School has long argued that money is fundamentally a market institution rather than a political one.

Carl Menger demonstrated that money emerges spontaneously as the most marketable commodity through voluntary exchange rather than central design. Friedrich Hayek expanded this insight by arguing that economic order itself is largely spontaneous, arising from countless decentralized decisions that no planner could possibly coordinate.

Within this framework, monetary centralization represents an anomaly.

Unlike most goods, whose production and pricing emerge through competitive market processes, modern fiat currencies are administered by centralized institutions possessing broad discretionary authority over money creation, credit conditions, and interest rates.

The Austrian objection is not merely that central banks sometimes make mistakes.

Rather, the objection is epistemological.

## The Knowledge Problem Applied to Money

Hayek's "knowledge problem" remains one of the strongest critiques of central planning.

Economic knowledge is dispersed across millions of individuals. Preferences, opportunity costs, entrepreneurial judgments, and local information exist only within the minds of market participants. No committee, regardless of expertise, can aggregate this information sufficiently to allocate resources more effectively than decentralized markets.

Money is no exception.

When a central authority adjusts the money supply or administratively influences interest rates, it necessarily substitutes localized market signals with centralized judgment.

Interest rates are not simply policy instruments; they are prices.

They coordinate intertemporal production by communicating society's aggregate preferences regarding present versus future consumption.

Artificially suppressing these prices distorts entrepreneurial calculation, encouraging investment projects that appear profitable

under altered monetary conditions but cannot ultimately be sustained by genuine consumer preferences.

This insight forms the foundation of the Austrian Business Cycle Theory.

The issue is therefore not incompetence.

The issue is that no institution possesses the knowledge necessary to improve consistently upon decentralized price discovery.

## The Ring of Monetary Discretion

Tolkien's One Ring functions in much the same way.

Every prospective bearer believes they would use it wisely.

Gandalf imagines wielding it for good.

Galadriel imagines creating a just and beautiful order.

Boromir imagines defending his people.

The Ring offers each of them the same temptation: extraordinary authority justified by noble intentions.

The Austrian critique of monetary discretion follows an analogous logic.

Central bankers generally pursue legitimate objectives: price stability, financial stability, maximum employment, or crisis mitigation.

The problem is not intent.

The problem is discretion itself.

Discretion necessarily requires continual judgments about variables that cannot be known with precision: the natural rate of interest, potential output, equilibrium employment, future inflation expectations, systemic risk, and countless other dynamic relationships.

These decisions are made under radical uncertainty.

Like Tolkien's Ring, discretionary authority creates the belief that sufficiently intelligent individuals can successfully manage an immensely complex system.

The Austrian response is one of institutional humility.

## Rules Instead of Rulers

Bitcoin's most important innovation may therefore be constitutional rather than technological.

Its monetary policy is removed from ongoing political decision-making.

The issuance schedule is predetermined.

The terminal supply is fixed.

Consensus rules replace administrative discretion.

No monetary committee can authorize emergency expansion.

No government can finance expenditures through unexpected currency creation.

No individual possesses the authority to alter monetary policy unilaterally.

This design reflects a Hayekian preference for rules over discretion.

Constitutions exist because societies recognize that political actors cannot always be trusted to restrain themselves.

Similarly, Bitcoin functions as a monetary constitution.

Rather than assuming future policymakers will consistently exercise restraint, it attempts to make restraint automatic.

Its protocol embodies James Buchanan's constitutional political economy: institutional design should constrain incentives instead of relying upon the virtue of decision-makers.

## Credible Commitment

From an Austrian perspective, one of Bitcoin's greatest strengths is credible commitment.

Every discretionary monetary system faces a time-consistency problem.

Governments promise monetary discipline until extraordinary circumstances emerge.

Wars.

Financial crises.

Recessions.

Political emergencies.

Each exception may appear justified in isolation.

Collectively, however, repeated exceptions gradually transform rules into guidelines.

Bitcoin eliminates much of this dynamic by making deviation extraordinarily costly.

Changing monetary policy requires broad consensus across a decentralized network rather than the decision of a relatively small governing body.

This is analogous to Tolkien's solution.

The Fellowship does not seek a more trustworthy Ring-bearer.

They seek to eliminate the possibility of anyone wielding the Ring at all.

Bitcoin similarly attempts to eliminate the possibility of discretionary monetary expansion by removing the institutional mechanism through which it occurs.

## Monetary Humility

Perhaps the deepest philosophical connection between Tolkien and Austrian economics is the virtue of humility.

Hayek repeatedly warned against what he called the "fatal conceit"—the belief that human reason is capable of consciously directing complex social orders more effectively than decentralized processes.

Tolkien tells essentially the same story through myth.

The Ring seduces its bearers by convincing them that they alone possess sufficient wisdom to control immense power.

Hayek argues that planners overestimate their knowledge.

Tolkien argues that rulers overestimate their character.

Both arrive at the same institutional conclusion:

Do not concentrate power that depends upon exceptional wisdom for its safe operation.

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## Conclusion

Bitcoin should not be understood merely as an alternative currency or payment network.

It represents an institutional response to one of the oldest questions in political economy:

Should monetary stability depend upon the continuing wisdom of monetary authorities, or should it emerge from stable rules that no authority can easily alter?

This is precisely where Tolkien's metaphor becomes illuminating.

The One Ring symbolizes concentrated power whose dangers exceed any individual's capacity to wield responsibly.

Bitcoin's fixed monetary protocol reflects the opposite philosophy. It attempts to make one specific form of power—the discretionary creation of money—effectively unavailable to everyone.

Whether Bitcoin ultimately succeeds remains an empirical question.

Its underlying philosophy, however, is unmistakably Austrian.

Rather than searching endlessly for wiser rulers, it asks whether the institution itself should be redesigned so that wisdom becomes less necessary.

That is the enduring lesson shared by Tolkien and the Austrian School alike: the highest achievement of institutional design is not empowering the right people.

It is ensuring that no one needs to possess the Ring in the first place.

This version is intentionally closer in style to an essay by economists such as Friedrich Hayek, Jesús Huerta de Soto, or Saifedean Ammous, focusing on constitutional economics, the knowledge problem, spontaneous order, credible commitment, and rules versus discretion rather than on narrative or rhetoric.

Lets Archive this Chat we have had

That's a worthwhile idea. This conversation developed a coherent line of thought that could serve as the foundation for a longer work. Here's a concise archive of the core ideas we explored:

# Conversation Archive

## *The One Ring and Bitcoin: An Austrian Institutional Analogy*

### Central Thesis

J.R.R. Tolkien's **One Ring** represents a form of power that no individual should possess, regardless of virtue or intent. Bitcoin applies this same institutional philosophy to money by attempting to eliminate discretionary monetary authority rather than placing it in supposedly wiser hands.

The analogy is not that money is evil, but that **the power to control money shares characteristics with the power represented by the Ring**.

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## Philosophical Foundations

### Tolkien

- Power corrupts because humans are fallible.
- The Ring tempts even the wisest.
- The solution is not a better ruler.
- The solution is the destruction of concentrated power itself.

> "Do not find a better Ring-bearer. Destroy the Ring."

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### Austrian Economics

Drawing primarily from:

- Carl Menger
- Ludwig von Mises
- Friedrich Hayek
- James Buchanan (constitutional political economy)

Key principles:

- Money emerges through spontaneous order.
- Central planning suffers from the knowledge problem.
- Prices—including interest rates—are information.
- Monetary discretion introduces distortions.
- Institutions should constrain power rather than rely upon virtuous administrators.

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### Bitcoin's Institutional Innovation

Bitcoin removes discretionary monetary authority by embedding monetary policy into consensus rules.

Instead of asking:

> "Who should control the money?"

Bitcoin asks:

> "Why should anyone control the money?"

Its fixed issuance schedule becomes analogous to a constitutional limit on governmental authority.

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## Major Parallels

| Tolkien | Bitcoin |
| --- | --- |
| The Ring centralizes power. | Central banking centralizes monetary discretion. |
| Every bearer believes they will use it wisely. | Every monetary authority believes intervention is justified. |
| Good intentions do not eliminate corruption. | Expertise does not eliminate the knowledge problem. |
| The Ring should be destroyed. | Monetary discretion should be minimized through rules. |
| Power is removed from individuals. | Monetary policy is removed from individuals. |

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## Austrian Themes Explored

### The Knowledge Problem

No committee can possess enough dispersed information to determine the "correct" money supply or interest rate.

### Rules versus Discretion

Bitcoin embodies Hayek's preference for stable rules over administrative discretion.

### Credible Commitment

Bitcoin's monetary policy cannot be changed simply because circumstances become politically inconvenient.

### Constitutional Economics

Bitcoin functions as a monetary constitution.

Instead of limiting political power over speech or property, it limits political power over money itself.

### Institutional Humility

Both Tolkien and Hayek reject the assumption that sufficiently wise people can safely wield immense centralized power.

Their shared lesson is one of humility.

## Important Caveat

The analogy is philosophical—not literal.

The One Ring is inherently evil.

Money is not.

Central banks perform legitimate functions and many economists argue that discretionary policy is necessary during crises.

The comparison concerns institutional design:

**Should monetary stability depend upon the continuing wisdom of policymakers, or**

**upon rules that make wisdom less necessary?**

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## Refined Thesis

Bitcoin can be understood as an institutional embodiment of the same insight Tolkien expressed through myth: some forms of power are too consequential to entrust to any individual or institution, regardless of their intentions. Rather than seeking wiser monetary rulers, Bitcoin attempts to eliminate one particular form of discretionary power by replacing human judgment with transparent, immutable rules.

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## Possible Future Expansion

This discussion could naturally grow into a book-length essay with chapters such as:

1. **The Ring as a Theory of Power**
2. **Money Before the State**
3. **The Austrian Critique of Monetary Planning**
4. **Hayek's Knowledge Problem**
5. **Bitcoin as Constitutional Money**
6. **Destroying the Monetary Ring**
7. **Rules, Institutions, and Civilization**
8. **Power Without a Ring**

This framework blends literary analysis, political philosophy, Austrian economics, and Bitcoin's monetary design into a unified argument. It has the potential to appeal to readers interested in economics, philosophy, institutional design, and the deeper ideas behind Bitcoin rather than its price or technology alone.

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